GOVERNMENT OF INDIA
FINANCE
LOK SABHA

STARRED QUESTION NO:671
ANSWERED ON:12.05.2000
TAX EVASION BY MNCS
AMAR ROY PRADHAN

Will the Minister of FINANCE be pleased to state:

(a) whether a number of multinational companies are involved in tax evasion to the tune of hundreds of crores of rupees;

(b) if so, the details of such MNCs and the amount of tax evaded by each of the MNCs;

(c) the modus operandi adopted by those MNCs in evasion of taxes; and

(d) the action taken by the Government against them including recovery of tax so evaded by each of the MNCs?

Answer

MINISTRY OF STATE IN THE MINISTRY OF FINANCE

(SHRI V. DHANANJAYA KUMAR)

(a) Yes, Sir.

(b): The details of cases of evasion of central excise duty, customs duty and income tax by multinational companies, detected during 1997-98, 1998-99 and 1999-2000, are given in the Annexure.

(c): The means used for tax evasion include, clandestine removal of goods, under and over invoicing, misuse of modvat credit, misdeclaration of classification, misuse of exemption notifications, and concealment of income or furnishing of inaccurate particulars of income.

(d): Action taken includes issue of demand notices and attachment and sale of moveable and immovable properties for recovery of taxes, and imposition of fines, penalties and interest, as per law.

ANNEXURE

Cases of evasion of Central Excise duty by MNCs detected in the years 1997-98, 1998-99 and 1999-2000

Sl.No.	Name of the Multinational Company	Duty Evasion (Rs. in Crores)
1.	Hindustan Lever Limited, Aurgangabad	1.39
2.	Larsen and Toubro Limited, Bangalore	4.21
3.	British Health Products (I) Limited, Bhiwadi	4.87
4.	Allen Bradly India Limited, Sahibabad	1.09
5.	Bata India Limited	4.10
6.	Cadbury (I) Limited, Mumbai	1.19
7	EID Parry (I) Limited	1.99
8.	Pennzoil India Limited	2.12

9.	Tide Water Oil (I) Limited	1.00
10.	Reckitt Coleman India Limited	1.50
11.	Indian Shaving Products Limited (Gillitte)	5.67
12.	Daewoo Motors Limited	2.00
13.	OTTO India Limited	3.20
14.	Fenner India Limited	1.30
15.	Pepsico (I) Holding Limited	3.65
16.	Pepsi Cola (India) Marketing Limited	3.00
17.	Johnson & Johnson Limited	5.50
18.	Larsen & Tubro	1.04
19.	Castrol India Limited	1.17
20.	ITC Limited	1.07
21.	Asea Brown Boveri Limited	3.53
22.	Mansanto Chemicals (I) Limited	3.56
23.	Hindustan Lever Limited	22.99
24.	Procter and Gamble (I) Limited	13.57
25.	Nestle India Moga	2.64
26.	Bayer (India) Limited	1.25
27.	Voltas Limited	5.58
28.	Electrolux Kelvinator Limited	3.35
29.	Perfetti India Limited	4.68
30.	Hero Honda	1.72
31.	Sony India	2.07
32.	Hindustan Lever Limited, Rajpura	3.88
33.	Pepsi Foods Limited, Channo	3.66
34.	BTR Wadco Automotives Ltd. Sahibabad	1.40
35.	Nestle India, Pune	12.05
36.	German Remedies	2.61
37.	Novarties India Limited	2.35
38.	Carrier Aircon	1.85
	TOTAL	143.80

Cases of evasion of Customs duties by MNCs, detected in the years 1997-98, 1998-99 and 1999-2000

Sl. No.	Name of the Multinational Company (Rs. in Crores)	Duty Evasion
1.	M/s. SEDCO Forex International Drilling Inc.	131.22
2.	M/s. Burroughs Welcome India Ltd.	0.03
3.	M/s. Johnson & Johnson Limited	0.16
4.	M/s. Hindustan Lever Limited	5.76
5.	Ranbaxy Lab,. Dewas	26.84
6.	M/s. Usha Martin	1.24
7	M/s. Schlumberger Asia Services Ltd. Mumbai	2.10
8.	M/s. Haliburton Offshore Services Inc. Mumbai	0.69
9.	M/s. Phillips India Ltd. Mumbai	1.88
10.	M/s. Schlumberger Asia Services	0.95
11.	M/s. Hyundai Motor India Ltd.	44.40
12.	M/s. Emirates Trading Agency	1.60
13.	M/s. Seimens Public Communication Network Ltd.	2.57
14.	M/s. Sony India Pvt. Ltd.	457.65
15.	M/s. L.G. Electronics Pvt. Ltd.	0.36
16.	M/s. Sony India Ltd.	2.19
17.	M/s. Electrolux India Ltd.	0.24
18.	M/s. Hawlet Packard India Ltd.	2.64
19.	M/s. Maharaja International Ltd.	2.59
20.	M/s. Salora International	0.47
21.	M/s. Samsung India Ltd.	0.68
22.	M/s. AHP Manufacturing B.V.	0.31
23.	M/s. ABB Limited	62.00
24.	M/s. SBCH Limited	0.80
25.	M/s. SBCH	0.38

26. M/s. P&G(I) Limited 5.08
27. M/s. German Remedies 2.61
28. M/s. Novarties 3.20
29. M/s. Nestle (I) Ltd. 12.05
30. M/s. Hindustan Lever Ltd. 18.49
31. M/s. Phillips (I) Ltd. 2.14
32. M/s. Alfa laval (I) Ltd. 1.17
33. M/s. Honda Siel Cars (India) Limited 3.00

TOTAL 535.05

Cases of income tax evasion by MNCs during assessement years 1996-97, 1997-98 and 1998-99

Sl. No.	Name of the Multinational Company (Rs. in Crores)	Income Tax Evasion
1.	Galileo International	42.11
2.	Amadeus Marketing S.A.	67.06
3.	Abacus Distribution Systems Pvt. Ltd.	28.06
4.	American Airlines Inc.	37.95
5.	Sabre Group Inc.	126.32
6.	British Airways	12.22
7	United Airlines	1.24
8.	Japan Airlines	7.89
9.	Master Card International	18.93
10.	Visa International Services Association Co.	20.07
11.	Pan Amsat	52.10
12.	Asia Satellite Telecommunication Ltd.	195.70
13.	Intel Sat	17.80
14.	Shin Satellite Coy (P) Ltd.	10.26
15.	Inmarsat	15.67
16.	Nokia Network OY	119.82
17.	Ericsson Radio Systems AB	69.40
18.	Lucent Technologies Int. Inc.	125.87
19.	Motorola Inc.	50.09
20.	Siemens Inf. and Communication Network SPA(ITALTEL SPA)	1.69
21.	Metapath Software Intl. Ltd.	2.73
22.	Ashurst Morris Crisp	40.63
23.	Jones Day Reaves & Rogue	10.89
24.	Atlas Air Inc.	8.72
25.	Turkmenistan Airlines	3.75
26.	Sheraton International Inc.	10.26
27.	Allied Signal Inc.	97.50
28.	Allied Signal International Inc.	3.20
29.	SOFEMA	25.08
30.	SWIFT	3.83
31.	Picker (India) Ltd.	2.51
32.	Perfetti S.P.A.	1.99
33.	Bentley Venture One LLC	1.25
34.	Skoda Exports Co. Ltd.	2.26
35.	ARB Inc. Ltd.	4.04
36.	Reuters India Ltd.	21.01
37.	Cray Research India Ltd.	1.05
38.	Carbijet Inc.	113.84
39.	Hoechst Marrion Roussel Ltd.	9.10
40.	Citicorp Securities & Investments Ltd	2.92
41.	ABN Amro	29.04
42.	Bank of Tokyo	17.60
TOTAL		1433.89